

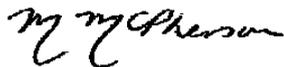
26 October 2011

The Manager  
Company Announcements  
Australia Securities Exchange Limited  
Level 4, Bridge Street  
SYDNEY NSW 2000

**Subject: 2011 Annual General Meeting Chairman's script**

Attached nib's 2011 Annual General Meeting Chairman's script.

Yours sincerely



Michelle McPherson  
Company Secretary/Chief Financial Officer

**2011 nib holdings limited (nib)  
Annual General Meeting - Chairman's Address  
Wednesday 26 October 2011**

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FY11 again produced a strong financial performance with improved profitability and strong returns for shareholders.

Our key performance metrics showed improvement on the previous year's result and reflect the business and financial goals we set when listing in 2007.

For FY11, we generated a net profit after tax, or NPAT, of \$65.5 million, up 6.4% on the previous year. The more subdued NPAT growth largely reflects more modest investment returns on our investment portfolio which was approximately \$512 million at 30 June 2011, which returned 6.6% compared to 10.5% the previous year.

Our lower investment return is primarily due to the transition of our investment portfolio to being more defensive, with less than 10% of our portfolio invested in shares. More stable investment returns consistent with our FY11 result are expected into the future. Actual return for the first three months of FY12 was 1.26%.

Our strong FY11 performance and capital position has allowed the Board to declare dividends totalling 13 cents per share fully franked, which totalled \$60.7 million and reflects a payout ratio of almost 93% of FY11 NPAT. The full year dividend of 13 cents per share is comprised of an ordinary dividend of 8 cents per share and a special dividend of 5 cents per share.

The full year dividend is consistent with nib's dividend policy of paying fully franked ordinary dividends of between 50 and 60% of full year NPAT, as well as returning capital by way of special dividends, subject to the availability of additional full franking credits.

Shareholders would have received their final dividend of 9 cents per share on 30 September 2011.

In addition to the payment of special dividends, nib has undertaken other capital management initiatives

By far the most substantial was the capital return of approximately \$75 million, or just over 16 cents per ordinary share held by shareholders on the record date. This was approved by shareholders at the company's general meeting on 5 July this year and distributed to shareholders on 21 July.

This highlights the Board's commitment to sound capital management and maximising shareholder returns.

One question often asked by shareholders of the Board is whether nib is considering offering a dividend reinvestment plan?

A dividend reinvestment plan or DRP generally allows shareholders the opportunity to reinvest either the whole or part of their dividend into shares in a company. It is generally used as a means of preserving capital in a business and typically involves issuing new shares. Because nib has surplus capital we have no immediate need to retain capital within the business through a DRP and it may dilute shareholder returns. The Board will consider implementing a DRP in the future, if such a plan would ultimately benefit the business' capital position and our shareholders. We will continue to keep shareholders informed of any future plans for such a program. In the interim it is worth noting that if shareholders wish to invest their dividends in nib shares, nib has an arrangement with E-Trade to make trading nib shares easy. For more information shareholders should visit our shareholder website – [nib.com.au/shareholders](http://nib.com.au/shareholders)

As at 30 September 2011, after payment of the final dividend and capital return, nib had surplus capital above its internal prudential target of \$75.5 million, with no debt.

Given our strong capital position and no debt, nib remains well placed to play a major role in any future industry consolidation.

In the absence of any near term investment opportunities, we have signalled to shareholders our intent to return further surplus capital above our internal prudential target through a combination of capital management initiatives.

I think one of the great legacies of nib's history and in particular nib's demutualisation in 2007 has been the establishment of the nib foundation.

Since launching in 2008, the foundation has made a measurable difference to the lives of many people throughout Australia. To date it has provided more than \$6 million in funding support to 26 community and charitable organisations that seek to improve health and wellbeing of Australians.

In the past 12 months the nib foundation has announced \$650,000 in new funding to 10 community groups and maintains support of its major national partners including:

- Canteen's Offspring support program;
- Hunter Institute of Mental Health's *Partners in Depression* program;
- and

- Hunter Medical Research Institute's *Healthy Schools, Healthy Futures* program.

A number of changes to the nib Board have occurred over the past 12 months.

Christine McLoughlin joined the Board in March this year. She has more than 25 years experience in leading Australian businesses, with a background in insurance, strategy, law, and human resources.

Also, just a few weeks ago, Keith Lynch retired as Chairman of nib. Keith was a director of nib for the past 30 years and Chairman for ten years. Keith led nib through a period of significant change and growth. He was instrumental in transforming nib from a not-for-profit mutual organisation into an ASX-listed, national private health insurer. It is an honour to succeed Keith as Chairman of nib, and on behalf of the Board I would like to congratulate him for his tireless dedication and leadership and wish him well in retirement.

I would also like to acknowledge the passing of nib's former Managing Director, Colin Rogers in February this year. Col joined nib in 1962, before being appointed Managing Director, a position he held until his retirement in 2003. Col made an outstanding contribution to the success of nib and played a significant role in transforming nib from a sick and accident fund located on the site of Newcastle Steelworks, to a major national health insurer. Col was also highly regarded in the Hunter community, by his peers and nib employees.

Our FY11 results continues nib's track record of improvement across most key metrics. The outlook for FY12 remains positive despite uncertainty in the broader economy, with nib well positioned to continue to deliver strong shareholder returns.

I would now like to introduce your Managing Director and Chief Executive Officer, Mark Fitzgibbon to report on our business activities for FY11 and outlook for FY12.

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